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TAGS: [PREL](#) [EWWT](#) [ENRG](#) [ECON](#) [HR](#) [SI](#) [REGIONAL](#) [ISSUES](#)
SUBJECT: CROATIA AND SLOVENIA AT ODDS OVER MARITIME
BOUNDARY, AGAIN

Classified By: Econ Off Nicholas Berliner. Reasons 1.4 b and d.

¶1. (C) Summary: The long-standing dispute between Croatia and Slovenia over their maritime boundary flared up this week when the GOC renewed a 2001 concession to its national oil and gas company INA for exploration in the Northern Adriatic.

With rhetoric that was more heated than usual in this perennial point of contention between the two neighbors, Slovenia accused Croatia of making claims against its territory and, by extension, European Union territory. The GOC rejected these charges, maintaining that Slovenia is making claims against Croatian territory that are unfounded under international law. Croatia has long sought international arbitration while Slovenia maintains that this is an issue of Yugoslav succession that should be resolved bilaterally. This issue has taken on political proportions in both countries far in excess of its practical implications with each side trying to internationalize the problem. This is not a crisis, but neither is a resolution of this on-going dispute anywhere in sight. (See Embassy Zagreb's classified intranet for maps of the disputed area:

<http://www.state.sgov.gov/p/eur/zagreb/index.cfm>) End
Summary.

Background

¶2. (U) The latest episode in the ongoing dispute between Slovenia and Croatia over their maritime boundary boiled over on January 26 when Slovenia reacted via diplomatic note to Croatia's renewal of a 2001 concession for gas exploration in the Northern Adriatic. The 9,232 square km concession is roughly adjacent to Croatia's Istrian coast, with its western edge extending along what Croatia considers to be the boundary of its exclusive economic zone with Italy's.

¶3. (U) This area was defined from a point known as T-5, marking the northernmost extension of the open sea in the Adriatic following a 1968 agreement between Italy and the former Yugoslavia. T-5 was established as the northernmost point that was equidistant from the Italian and Yugoslav coasts at 12 nautical miles, therefore marking the limits of each state's territorial waters. Points north of T-5 were also demarcated at that time and, in the Croatian view, subsequently became the boundaries between Italian territorial waters on one side and Croatian and Slovenian territorial waters on the other.

¶4. (U) INA's concession thus covers an area that Croatia considers part of its exclusive economic zone, as well as Croatian territorial waters in the Northern Adriatic. Slovenia argues that as a Yugoslav successor state its territorial waters should be contiguous with the open sea and has tried unsuccessfully over the years to reach an agreement with Croatia on their respective maritime boundaries.

15. (U) Croatia maintains that Slovenian assertions that only the land borders between the republics of the former Yugoslavia were agreed are incorrect, noting that the two republics divided maritime policing responsibilities in the Piran Bay. Nevertheless, a Slovenian government decision of 1993 laid claim to the whole of the Piran Bay. The land border in that area, although now in dispute because it has an impact on the maritime boundaries, is marked by the river Dragonja, which enters the bay roughly in its middle. The Croatian position is that, by international law and custom, maritime boundaries are determined by the extension of the land border to the point where it meets the limits of a country's territorial waters (i.e., 12 nautical miles, but less in this case due to the agreement between Italy and Yugoslavia). In the Croatian view, this would divide the Piran Bay equally between Croatia and Slovenia. The issue has become further complicated since 1993 as Slovenia and then Croatia laid claim to overlapping areas of the Adriatic sea and the epicontinental shelf with declarations of protected fishing and ecological zones. (See Embassy Zagreb's classified intranet at (See Embassy Zagreb's classified intranet for maps: <http://www.state.gov/p/eur/zagreb/index.cfm>) for maps of the disputed area.) The INA concession thus falls squarely within waters south of the Croatia-Slovenia border that Slovenia considers part of its "protected ecological zone" and that Croatia considers its exclusive economic zone and territorial waters.

Croatian View of Latest Row

16. (C) EconOff met on Feb 1 with Adreja Metelko-Zgombic, Croatian MFA Legal Advisor, to hear the GOC position on the latest dispute with Slovenia. Metelko-Zgombic said this issue has become emotionally and politically charged to the

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point of making its resolution difficult. She said that, in the Croatian view, Slovenia has no basis under international maritime law to support its claims of a right to link its territorial waters to the open sea. As far as the GOC is concerned, the only point open to interpretation is the border within the Piran Bay, but this has no bearing whatsoever on the question of Slovenia having contiguous access to the open sea. She said Croatia was a successor state to the 1975 Osimo Agreements with Italy that codified the 1968 demarcation and that Slovenia claiming a right of historical access to the open sea was tantamount to Serbia or Macedonia making that claim, since they also technically had access to the sea as republics of Yugoslavia. As far as the GOC is concerned, Slovenia has unrestricted access to the open sea through Croatian territorial waters. Metelko-Zgombic also pointed out that under International Maritime Organization agreements regulating shipping in the Adriatic, ships sail north along the Croatian side to both Slovenian and Italian ports, which Italy has never cited as being detrimental to its interests.

17. (C) Metelko-Zgombic said that Slovenia has been emboldened by its 2004 EU membership and is clearly threatening to slow Croatia's EU accession now to win concessions on this issue. She noted that Slovenia laid claim to the continental shelf in 2004, and declared its fishing zone that overlaps with Croatian territorial waters in 2006. She added that Zagreb sees Slovenian politics as a complicating factor, with nationalist parliamentarians forcing Ljubljana's hand. She said that FM Rupel has acquired a reputation within the GOC as an agitator in this issue.

18. (C) The GOC believes this issue impedes progress on the other outstanding border issues, as well as the dispute over the bankruptcy of the former Ljubljanska Banka and disagreements over the jointly-owned Krsko nuclear power plant. Metelko-Zgombic revealed that during the 2000-2003 government of former Croatian PM Ivica Racan, when Croatian

negotiators tabled a proposal to give Slovenia a corridor to the open sea, the Slovenian side had indicated that Ljubljanska Banka and Krsko could be resolved. Note: The Racan government quickly disavowed what it said were simply "talks" after it became apparent that there was no chance the Croatian parliament would accept an agreement ceding territorial waters to Slovenia.

Comment

¶9. (C) The GOC clearly feels under significant pressure over this issue, given its EU candidacy, which the fact of the Slovenian EU presidency in the first half of 2008 only compounds. At the same time, Croatian politicians face elections in 2007, making any kind of rational dialogue on this issue exceedingly difficult. The Croatians believe that international law is clearly on their side, which accounts for their repeated demands for international arbitration and, in their view, also explains Slovenia's refusal to take the dispute to an international forum for resolution, and its efforts to bring political pressure to bear. Despite Zagreb's nervousness, overall relations between the two countries have not been adversely affected by this dispute. In fact, Croatian MFA Assistant Minister for Europe Neven Pelicaric told DCM on February 2 that Slovenia has so far been "mostly helpful" to Croatia on EU and NATO accession.

¶10. (U) Embassy Ljubljana has reviewed this cable.
BRADTKE